

SCHOOL DISTRICT FLYER



A Newsletter of the Office of the Auditor General

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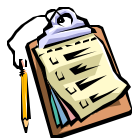
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USFR IN ADOBE ACROBAT FORMAT



Toss out the USFR? Well you can't go that far, but with the new USFR in Adobe Acrobat format you may eliminate the need for a hard copy of the manual. The new reader is even better than the HyperWriter version many of you have been using the past few years. The USFR in Acrobat is fully linked for easy access to information and it contains several links to helpful Web sites to allow you to quickly download the most recent information on travel reimbursements, procurement rules, ADM calculations, and all current USFR Memorandums.

To download the new USFR in Adobe Acrobat format, visit our Web site at www.auditorgen.state.az.us/manuals.htm and click on the USFR link.



USFR COMPLIANCE QUESTIONNAIRE

We recently issued USFR Memorandum No. 168 with a revised USFR Compliance Questionnaire. The Questionnaire was revised to more closely follow the compliance checklists in the USFR and to reflect recent changes in the law, including new procurement testing requirements prescribed by Arizona Revised Statutes (A.R.S.) §15-213(F). In addition, the instructions for completing the Questionnaire were expanded to provide more guidance for school district auditors.

Districts that are required to have a single audit must have their auditors complete the new Questionnaire (dated 4/00) beginning with audits of the year ended June 30, 2000. Additionally, all districts may want to consider using the Questionnaire as a management tool to help ensure compliance with USFR requirements.

ADMINISTRATIVE COST STUDY

Laws 1999, 1st Special Session, Chapter 4, §16, requires our Office and the Joint Legislative Budget Committee (JLBC) to perform a school district administrative cost study. The JLBC was required to analyze school district cost data for fiscal year 1998-99, and identify districts with particularly high or low administrative costs per pupil compared to districts of similar size and type. The JLBC reported this information to the Legislature on June 20, 2000.

Our Office is required to report to the Legislature factors that help explain why some districts have particularly high or low administrative costs per pupil. We are currently analyzing information from a sample of districts to determine these factors. Our report will be issued before December 1, 2000.

ATTORNEY GENERAL OPINION ON CIVIC MEMBERSHIPS



The Attorney General's Office has concluded in Opinion No. I00-022 that districts do not have the statutory authority to pay membership fees for Board Members or administrators to join private civic organizations. Currently, statutes give districts the authority to pay for memberships only "in an association of school districts within this state." A.R.S. §15-342(8).

However, the Attorney General also stated that dues for organizations that directly concern education or aspects of managing a public school district may be justified to the extent they enhance the district's ability to fulfill its statutory responsibilities. The opinion did not address a district's ability to include civic organization membership fees in an employee's contract as a fringe benefit.

This and other Attorney General Opinions from 1994 to present are available on the Web at www.attorney_general.state.az.us/opinions/opinions_intro.html.

SPECIAL EDUCATION COSTS ON THE SCHOOL-BY-SCHOOL AFR

The way special education expenditures are reported on the School-by-School AFR changed this year. Last year, special education expenditures were reported as a separate "special education" school. Beginning with the fiscal year 1999-2000 AFR, special education expenditures must be reported within each school, as applicable, in the School-by-School AFR. These expenditures, like all other district expenditures, should have been coded to the individual school unit codes whenever possible during the fiscal year. Any amounts that could not be directly assigned to an individual school should have been coded to unit code 500—Districtwide, for later allocation to the schools. The use of a unit code for all expenditures, as required by the USFR Chart of Accounts, allows districts to record expenditures for the individual schools as they are incurred and to provide more accurate expenditure reporting in the School-by-School AFR.

INCREASED BID THRESHOLD

USFR Memorandum No. 172 informed school districts that the Arizona State Board of Education had increased the competitive sealed bidding threshold to \$30,724.20, effective May 22, 2000. Based on this change, written quotes are required for purchases costing at least \$15,000, but not more than \$30,724.20.



QUESTION & ANSWER



Question: Can districts pay for copier maintenance agreements from the Unrestricted Capital Outlay Fund?

Answer: No. Maintenance agreements are not capital expenditures. All maintenance expenditures, including maintenance agreements, are coded to the M&O Fund (001) and object code 6430—Repair & Maintenance Services.

Question: How should districts code the monthly fees for cable television in classrooms?

Answer: These fees should be coded to function 1000—Instruction, and object code 6530—Communications.

SPOTLIGHT ON WWW.GAO.STATE.AZ.US

USFR Memorandum No. 171 informed school districts that the Arizona Department of Administration (DOA) had recently issued a new Travel Policy section of the Arizona Accounting Manual. This revised section includes new reimbursement rates for mileage, lodging, and meals and incidentals. The following reimbursement rates became effective May 1, 2000:

Mileage (Personal vehicles)	32.5¢/mile
Lodging (In-State default)	\$55.00/day
Meals & Incidentals (In-State default)	\$29.50/day

The lodging and meals and incidentals rates shown above are in-state defaults and may vary based on the travel destination. DOA has included the complete schedule of travel reimbursement rates in Adobe Acrobat format on its Web site at www.gao.state.az.us/docs/travel/index/textiid1b.pdf.



USFR MEMORANDUM UPDATE

The numbers are growing. Since our last newsletter, we have issued eight USFR Memorandums (Nos. 167 through 174). Although we have issued a total of 174 memos (since we started numbering them), not all of these are currently effective. Several of these memos were superseded each year such as the budgets, Advice of Encumbrance, and AFR. Other memos simply no longer apply to school districts based on changes in laws or accounting standards. And finally, many of the USFR Memorandums issued are incorporated into the USFR when sections of the manual are revised. In fact, of the 174 memos issued to date, there are only 15 that are currently effective.

For your convenience, we have attached a list of the current USFR Memorandums. If you need a copy of any of these Memorandums, please visit our Web site at www.auditorgen.state.az.us or call the Accounting Services Division of our Office at (602) 553-0333.

CURRENT USFR MEMORANDUMS
As of October 2000

<u>No.</u>	<u>Title</u>
174	Fiscal year 1999-2000 Annual Financial Report and Extracurricular Activities Fees Tax Credit Form (Issued 9/15/00, Supersedes USFR Memorandum No. 165).
173	Fiscal year 2000-01 Revenue Budget Form (Issued 8/15/00, Supersedes USFR Memorandum No. 164).
172	Increased Sealed Bidding Threshold (Issued 6/27/00)
171	Reimbursement of Travel Expenses (Issued 6/16/00, Supersedes USFR Memorandum Nos. 156 and 159)
170	Advice of Encumbrance (Issued 6/15/00, Supersedes USFR Memorandum No. 163)
169	Fiscal Year 2000-01 School District Annual Expenditure Budget Forms, Budget Supplement, Budget Summary, Budget Work Sheets, and Truth in Taxation Work Sheet and Hearing Notice of Tax Increase (Issued 6/2/00, Supersedes USFR Memorandum No. 162)
168	USFR Compliance Questionnaire (Issued 4/24/00, Supersedes USFR Memorandum No. 137 Revised)
167	School District Annual Budget Revisions for Fiscal Year 1999-2000: Adjustments to General Budget Limit, Unrestricted Capital Budget Limit, and Soft Capital Allocation Limit (Issued 4/17/00, Supersedes USFR Memorandum No. 160)
166	Technology-Assisted Project-Based Instruction Program (Distance Learning) (Issued 2/10/00)
161	E-rate Reimbursements (Issued 5/12/99)
158	School District Single Audits (Issued 1/15/99, Amends USFR Memorandum No. 137 Revised)
146	Extracurricular Activities Fees Tax Credit (Issued 2/16/98)
145	<i>Uniform System of Financial Records</i> (USFR) Revisions (Issued 9/9/97)
140	School District Accounting Records (Issued 5/23/97)
139	School District Biennial Audits (Issued 4/24/97)